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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

February 3, 1927.

F.S.
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FOREIGN NEWS ON DAIRYING

THE RUSSIAN BUTTER SITUATION

Developments of recent months in the Russian butter market which are of considerable interest are reported by Assistant Agricultural Commissioner L. V. Steere at Berlin in a report to the United States Department of Agriculture. Most significant, perhaps, is the reported large increase in butter consumption both by the peasants and in the large consuming centers of Russia. In spite of the fact that the receipts of butter in Moscow during the year 1925-26 were almost twice those in 1924-25, the shortage in the consuming market has been growing steadily greater, as a result of the extraordinary increase in consumption, according to "Economic Life" for December 18, 1926. Similar conditions are also reported in Leningrad and other large consuming centers, with butter prices increasing steadily, particularly since October. Russian press reports describe the situation as a crisis, but it should be understood that these represent the consumer's viewpoint. As a result of this situation some consuming centers which previously have been able to secure their supplies largely from surrounding districts have begun to draw heavily from the commercial producing regions in Siberia and European Russia, at the expense of the export supply.

Simultaneous with the heavier city demand, there has been a tendency toward decreased production of butter for the market in the commercial producing regions with a resultant smaller procuring of butter by the government procuring organizations. These apparently inconsistent developments have been intensified by the decline of world butter prices in 1926, and the decrease in production has led to a reduction in the government procuring program for the 1926-27 campaign.

In spite of the necessity for building up as large an export of butter as possible, the People's Commissariat of Trade is reported to be taking measures to increase the supply of butter in the cities, among them the shipping in of "Export" butter, and the speeding up of deliveries of butter to Moscow and Leningrad consumer cooperatives by the butter procuring organizations. A December 22 report of "Economic Life" states that the whole supply of butter in the storehouses at the port of Leningrad will be turned over to supply domestic demand, and an official order of the same date prohibits, at least temporarily, the export of butter from the North-western section of the Union.

The main procuring organizations, if recently revised plans are carried out, will ship to Moscow more than 36,000,000 pounds of butter in 1926-27 or about 40 per cent more than last year. The Commissariat of Trade is also reported to have definitely decided on building up better reserves.

The production situation

The general downward tendency in procurements of butter which has now become pronounced, first began to show up, according to "Economic Life" of December 13, as far back as March 1926, when the relation of milk and feedstuff prices became unfavorable for milk production. A late Spring, rising livestock production and poor fodder crops were important factors in the situation, but low milk prices were more significant. For the 1924-25 season the milk-selling cooperatives in Siberia received the equivalent of about \$1.00 - \$1.20 per 100 pounds of milk, but in 1925-26 only \$.70 - \$.90 and in some cases considerably less. This decrease of about 25 per cent caused farmers to bring much less milk to the butter factories, and resulted in the 1925-26 procuring of butter in Siberia and in Ural reaching only 68.7 per cent of the planned 166,000,000 pounds, according to "Economic Life" of December 19. Many farmers are also said to have installed small churns of their own, selling the butter for more attractive prices to private buyers.

During the first two months (October and November) of the present season, the procurements of butter amounted to 4,803,000 pounds at 24.25 cents per pound, as compared with 5,096,000 pounds at 28.7 cents per pound during the same months of 1925-26. The actual decrease in procuring for October and November of the current year was probably larger than indicated, however, since the rather large procuring of the private buyers for October-November 1925 has not been considered. November procuring in Siberia is reported as 1,495,000 pounds or about 90 per cent of the procuring plan. This is a decrease of 7.2 per cent as compared with November last year. In order to remedy the situation the People's Commissariat of Trade is reported to be increasing the butter procuring prices, a measure which is expected to have a favorable effect in a comparatively short time.

The butter procuring plan of 1926-27 just announced by the Commissariat of Trade of U.S.S.R. provides for the procuring of 160,160,000 pounds, of which 149,326,000 pounds will come from R.S.F.S.R., 9,028,000 pounds from Ukraine, and 903,000 pounds each from Bessarabia and Caucasia. These figures indicate a decrease as compared with last year's plan, which as pointed out above, was only about two-thirds realized. It is expected, however, that procuring prices for the 1926-27 campaign will average higher than in the past season.

Russian exports

The decreased procuring of butter in Russia in the past season is clearly indicated by German and British figures on imports of Russian butter.

BUTTER: Imports of Russian butter into Great Britain and Germany

Importing country	1925	1926
	1,000 lbs.	1,000 lbs.
Great Britain	32,729	29,377
Germany	15,732	12,032
Total	48,511	41,409

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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February 8, 1927.

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FOREIGN NEWS ON DAIRYING

DEVELOPMENTS IN WORLD PRODUCTION AND TRADE IN DAIRY PRODUCTS

Throughout the three months ended January 31, 1927, butter prices have been sufficiently low in European markets to maintain a margin in favor of domestic markets equal to or exceeding our import duty of 12 cents a pound. Accordingly, imports of butter have been considerable enough to make a total of 8,029,000 pounds for the year just closed, which is slightly greater than the 7,212,000 pounds imported in 1925 when the duty was 8 cents a pound. Comparative cheese prices have been similarly affected, and cheese imports were increased from 62,403,000 pounds in 1925 to 78,417,000 pounds in the year just closed. On the other hand, exports of condensed, evaporated and powdered milk declined from a total of 151,412,000 pounds in 1925 to 119,367,000 pounds in 1926.

Foreign prices had not, as late as the end of January, shown any recovery from the level prevailing in the middle of December when the Copenhagen quotation was 19 cents lower than for 92 score butter in New York. Rather, the narrowing of the margin to 12 cents by January 27 had come about wholly by reduction in the domestic prices. Butter of 92 score grade in New York was quoted at 56 cents on December 16 and at 43 cents on January 27, while the Copenhagen official quotations on the same dates were equivalent to 57 cents.

Production and consumption of dairy products within the United States are now so closely balanced that a peculiarly delicate adjustment tends to prevail between domestic and foreign market prices. Despite the prevailing comparatively high protective tariffs on dairy products, it is demonstrated each year that developments affecting world prices determine the limits within which domestic prices may at any time advance or decline. The prevailing import duties make for a degree of price stabilization in our markets without being prohibitive of importations sufficient to make contacts between foreign and domestic markets and thus to bring about adjustments of prices between them. Furthermore, with dependence upon foreign markets for a part of the concentrated milk output of the United States, at the same time that fresh milk and cream, cheese, and generally butter are being imported, the markets for milk and its products in this country are never wholly free from the influence of foreign price movements.

Two outstanding instances of foreign influence, the one tending to strengthen and the other to weaken domestic markets for dairy products, are afforded in the record of recent developments centering in Germany and Great Britain, respectively. Importations of butter into these two countries during the last pre-war year together with those of the last three years have been as follows:

GREAT BRITAIN: Imports of butter, 1913 and 1924-26

Country	Year ended December 31			
	1913	1924	1925	1926
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
Russia	84,158	31,650	32,729	29,377
Finland	a/	15,111	19,006	20,898
Sweden	37,221	6,457	9,121	17,256
Denmark	191,157	194,223	185,702	213,527
Netherlands	17,155	10,317	8,516	16,850
France	27,841	1,539	3,472	3,357
United States	18	3,922	1,326	521
Argentina	8,111	60,312	54,264	57,534
Irish Free State ...	-----	51,673	45,148	55,579
Australia	66,590	73,638	130,059	84,234
New Zealand	28,160	121,179	140,609	129,236
Canada	91	14,714	13,203	7,212
Others	3,043	7,437	7,409	16,216
Total	463,545	592,171	655,563	651,798
Reexports ..	11,835	21,410	39,263	25,385

Accounts Relating to Trade and Navigation of the United Kingdom, Dec. 1926.

a/ Included, if any, in "Others".

GERMANY: Imports of butter, 1913 and 1924-26

Country	Year ended December 31			
	1913	1924	1925	1926
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
Denmark	6,103	58,634	76,186	67,393
Netherlands	40,686	32,172	61,011	66,991
Russia	64,950	a/	15,782	11,315
Others	8,174	27,090	60,013	69,878
Total	119,913	117,896	212,992	215,577

Monatliche Nachweise über den auswärtigen Handel Deutschlands.

a/ Included, if any, in "Others".

Germany in pre-war years was second only to the United Kingdom as a butter importing country. For years following the war, Germany was unable, for economic and financial reasons, to re-enter the world's butter markets. In the meantime, however, dairy production was recovering throughout Europe and increasing beyond all precedent in newer countries where the dairy industry had been highly stimulated by the war. By the end of 1922, under these circumstances, butter prices had become so low in European markets relative to those in the United States that considerable quantities of foreign butter found profitable outlet in our markets after paying an 8 cent import duty. The recovery of buying power that accompanied stabilization of the German currency in the closing months of 1923 was phenomenal. By early summer of 1924, monthly imports of butter into Germany had become fully

equal to their pre-war volume. The influence of the reopened German markets upon butter prices in Europe was so marked that not only did the differences in favor of New York entirely disappear but for a time a material margin appeared in favor of European markets. As a result, imports of butter into the United States were checked at their high point of 5,393,000 pounds during February, 1924. The almost complete cessation of imports in May of that year came only after 43 million pounds of foreign butter had found profitable sale in our markets within 18 months.

More recently, untoward developments in Great Britain have so depressed butter prices in that greatest of all world markets as to cause rather considerable quantities of butter to be diverted to United States markets, paying an import duty of 12 cents a pound. The situation in Great Britain, resembling that of the first stage of developments in Germany, shows clearly the effect of a rapid falling off in purchasing power. Unprecedented labor disturbances continuing throughout the latter half of 1926 involved through voluntary unemployment, alone, the loss of approximately 160 million work days. Almost simultaneously with the beginning of the prolonged strike, prices of dairy produce declined or failed to advance normally with the season. With almost identical quantities of butter and cheese imported, prices were at times as much as 20 per cent below those of corresponding months in the preceding year. In consequence, United States markets again in the closing months of 1926 afforded profitable outlets for foreign butter and cheese. Indirectly, too, the lower prices abroad served to check our exports of concentrated milk.

In relation to world supply and demand, the present position of the dairy industry of the United States is made somewhat more clear by reference to the history of our foreign trade in dairy products. As between net importation and net exportation of dairy produce, the United States has been subject to general shifts both at long and short intervals. Since the early 80's, the total trade has tended steadily, except for the late war period, away from the disposal of an important surplus production toward the supplying of a rather settled though slight deficiency. Stimulated by the war, however, the excess of exports over imports of all dairy products from the United States amounted in the calendar year 1919 to the equivalent in milk of 1,359,000 short tons. Exportations in that year of concentrated milk, butter, and cheese represent a quantity of milk sufficient to produce about one-half of Denmark's recent annual exports of butter, and more than was ever exported from the United States in any year during the period of our greatest normal surplus production. The previous peak of exportation had been reached in 1879 when the total exports represented the product of approximately 1,100,000 tons of milk. In 1879, however, the exports represented about 11 per cent of the total milk manufactured in that year, while the 1919 exports represented about 6 per cent only, indicating somewhat the expansion of the industry in the meantime.

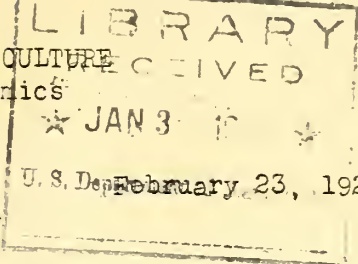
Notwithstanding such increased domestic production and the development within a comparatively few years during and immediately after the war of such an enormous volume of exports, the United States was soon again importing more dairy products than were exported. Importation to supplement domestic supplies has now apparently settled back to about the basis reached before the war, as indicated by the following summary statement:

DAIRY PRODUCTS: Balance of trade for the United States, average
1909-13, annual 1918-26

Year	Exports	Imports	Net	Milk equivalent
BUTTER				
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1909-1913	4,125	1,647	E 2,479	E 52,059
1918	26,194	1,655	E 24,539	E 515,318
1919	34,556	9,519	E 25,037	E 525,779
1920	17,488	37,454	I 19,966	I 419,295
1921	8,015	18,558	I 10,544	I 221,417
1922	10,938	6,957	E 3,980	E 83,583
1923	5,846	23,741	I 17,896	I 375,810
1924	8,257	19,405	I 11,148	I 234,112
1925	5,343	7,212	I 1,869	I 39,250
1926	5,483	3,029	I 2,546	I 53,468
CHEESE				
1909-1913	5,142	46,346	I 41,204	I 412,040
1918	48,405	7,562	E 40,843	E 408,426
1919	14,160	11,332	E 2,828	E 28,275
1920	16,292	15,994	E 298	E 2,978
1921	11,772	26,866	I 15,095	I 150,954
1922	5,007	46,573	I 41,567	I 415,665
1923	3,331	64,420	I 56,088	I 560,885
1924	4,299	59,176	I 54,876	I 548,765
1925	9,190	62,402	I 53,212	I 532,118
1926	3,903	78,417	I 74,514	I 745,142
CONDENSED MILK				
1909-1913	15,760	1,406	E 14,354	E 35,885
1918	551,140	10,905	E 540,235	E1,350,587
1919	852,865	16,509	E 836,356	E2,090,890
1920	411,078	23,756	E 387,322	E 968,306
1921	289,725	8,668	E 281,057	E 702,643
1922	187,497	5,294	E 182,203	E 455,508
1923	194,264	10,398	E 183,866	E 459,666
1924	206,280	6,452	E 199,828	E 499,570
1925	147,763	4,621	E 143,141	E 357,853
1926	114,549	1,663	E 112,886	E 282,214
BUTTER, CHEESE AND CONDENSED MILK COMBINED				
1909-1913				I 324,096
1918				E2,274,331
1919				E2,644,945
1920				E 551,988
1921				E 330,272
1922				E 123,430
1923				I 477,029
1924				I 283,305
1925				I 213,516
1926				I 506,396

E- Exports. I- Imports.

Compiled by Division of Dairy and Poultry Products.



F.S.
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FOREIGN NEWS ON DAIRYING

DEVELOPMENTS IN THE AUSTRALIAN DAIRY INDUSTRY

Evidence is accumulating that the output of milk and its products in Australia is not keeping pace with consumption, thus leaving a smaller amount for export, according to a report from Trade Commissioner E. G. Babbitt at Sydney. This has been especially noticeable in the past two seasons, during which the production has been lessened by serious droughts. Moreover, the abnormal conditions prevailing in Great Britain in recent months have made it much more profitable to rely upon the domestic market than to depend upon the contingencies of the British market.

Dairying as at present carried out in most of Australia is an extremely hazardous undertaking, and relies very much upon the favorableness of the weather. In 1923 and 1924, for instance, the New South Wales production was respectively 225,395,000 gallons and 316,810,000 gallons, although the number of cows in milk was approximately the same. The production per cow in the two years was 285 gallons and 391 gallons, respectively. A far smaller disparity between the two seasons occurred in Victoria.

Judging from the figures quoted for the five seasons 1920-21 to 1924-25 in the latest Commonwealth Year Book, and the estimates of production and consumption for the two following years, made by the dairy expert of the New South Wales government, the exportable surplus of dairy products is tending toward a gradually diminishing proportion of the output. The figures for butter production and consumption which follow check only approximately against actual exports during the periods indicated, since there is some lack of uniformity in the periods covered by the returns from the various states.

Butter: Production and Consumption in Australia

Year ended June 30	Production	Consumption	Per cent of Production Consumed
	1,000 pounds	1,000 pounds	Per cent
1921 (actual)	208,320	115,558	55
1922 (actual)	264,320	138,880	52
1923 (actual)	232,960	156,800	67
1924 (actual)	226,240	163,520	72
1925 (actual)	313,600	169,120	54
1926 (estimates)	266,560	175,340	66
1927 (estimates)	224,000	182,560	81

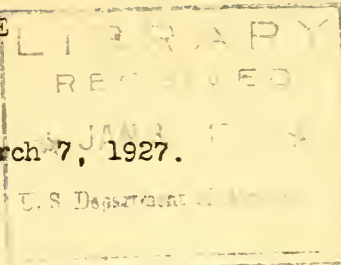
With regard to cheese, a somewhat similar position is arising. The figures for the same years are as follows:

Cheese: Production and Consumption in Australia

Year ended June 30	Production	Consumption	Per cent of Production Consumed
	1,000 pounds	1,000 pounds	Per cent
1921 (actual)	23,968	14,560	60
1922 (actual)	34,720	19,936	61
1923 (actual)	22,400	18,592	83
1924 (actual)	24,640	22,848	92
1925 (actual)	33,600	21,504	62
1926 (estimates)	29,120	21,728	74
1927 (estimates)	22,400	22,400	100

Fluctuations from season to season in production and hence in exportation are extreme. The peak in Australian dairy production was the 1924-25 season, when 862 million gallons of milk were obtained from 2,444,637 dairy cows. Of this quantity 628 million gallons were made into butter, 185 million gallons sold as fresh milk, 31½ million gallons converted into cheese, and 17½ million gallons condensed or concentrated. In that year it was necessary to export 46 per cent of the butter, and 38 per cent of the cheese. This season (1926-27) it is estimated that only 17 per cent of the butter production will be exported, most of which will be other than choicest quality, while as regards cheese it is considered that production will not exceed local needs.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington



F.S.
D-10

March 7, 1927.

FOREIGN NEWS ON DAIRYING

NEW ZEALAND BUTTER AND CHEESE SHIPPED IN ACCORDANCE WITH CONTROL POLICY

Butter and cheese shipments have been dispatched from New Zealand in recent months in accordance with the aims and policy of the New Zealand Dairy Produce Export Control Board, according to official reports of that organization.

The current season is the first in which shipments could be controlled in full accordance with the program adopted, since the plans for the season of 1925-26 were upset by a prolonged seamen's strike. The aim in both seasons as affecting butter markets has been to hasten shipment of the entire output up to such time as arrival could be assured in the English markets in time for the Christmas trade, and then, by holding certain proportions in reserve, to ease off shipments in order to cut off the seasonal peak of supply and avoid the otherwise inevitable mid-winter slump. In regard to cheese, prompt dispatch has been the policy, and shipments have been keeping pace with production.

While butter shipments a year ago were unusually heavy in November and December, the unhampered control policy of this season has resulted in limiting the shipments in those months and in withholding from current supplies a reserve from which to supplement later production. The dispatch of butter and cheese by months during the first six months of the last two seasons is indicated below as published in the New Zealand Dairy Produce Exporter, the official organ of the Board.

BUTTER AND CHEESE: Monthly shipments from New Zealand during recent months, with comparisons

Month	Butter		Cheese	
	1926-27	1925-26	1926-27	1925-26
	Boxes	Boxes	Crates	Crates
August	59,996	16,846	28,234	4,711
September	150,130	-	20,382	-
October	237,794	182,715	48,584	625
November	145,645	415,918	84,311	140,931
December	279,643	313,041	109,797	160,497
January (estimate) ..	237,000	222,371	132,000	114,139
Total	1,210,208	1,150,891	423,358	420,903

The effect of the policy of the board is shown in the larger stocks of butter and cheese held in grading store in New Zealand on December 31, 1926, compared with the same date in the preceding year. This increase in stocks is also partially accounted for by the increase of 6.2 per cent in the production of butter and cheese (butter-fat equivalent) this season over the corresponding months of last season.

BUTTER AND CHEESE: Stocks in New Zealand

Commodity	:	December 31, 1926	:	December 31, 1925
	:	<u>Tons</u>	:	<u>Tons</u>
Butter	:	10,747	:	5,735
Cheese	:	10,045	:	8,136

Under the unified control of the Board, the London market has been relieved by a considerable diversion of supplies. Shipments to cities on the west coast of Great Britain, including Bristol, Liverpool and Glasgow, have been increased. Direct sales to Canada, Australia and the United States, although comparatively small, are regarded by the Board as of importance in this connection.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
D-11

May 17, 1927.

FOREIGN NEWS ON DAIRYING

NEW ZEALAND CONTROL BOARD ADOPTS NEW SALES SCHEDULE

By the middle of March, 1927, the New Zealand Dairy Produce Export Control Board had accumulated so much butter and cheese in London that it found it necessary to change its policy of holding butter for better prices to that of selling weekly a definite quantity of butter and cheese at whatever prices the market would pay. This change in policy was made in order to clear the accumulated stocks by the end of the season. These stocks, it is now stated officially by the Board, amounted to 416,562 boxes (25,000,000 pounds) of butter and 166,261 crates (25,000,000 pounds) of cheese. The policy determined on by the board in conference with allottees was that weekly sales should amount to 90,000 boxes (5,040,000 pounds) of butter and 45,000 crates (6,750,000 pounds) of cheese. By this method it is expected that the butter stocks should be cleared by the middle of June and the cheese stocks somewhat earlier. See tables, page 3. The Board expresses confidence that the quotas as decided upon will not be beyond the capacity of the market to absorb with advantage to the New Zealand producers.

Review of Activities of the Export Control Board

Under the Dairy Produce Export Control Act, 1925, according to the New Zealand Official Year Book for 1926, there was established a Board consisting of two Government nominees, nine representatives of suppliers to dairy factories, and one person representing manufacturers of dairy produce. A London agency of the Board was also constituted, to consist of such number of persons as may be decided upon by the Board - but at least one person must be appointed by the Government, through the Director-General of Agriculture. Broadly defined, the duties of the Board were to control the export and sale of butter and cheese in the interests of the producers, while the London agency was required to keep the Board informed as to current prices and other matters relating to the disposal of New Zealand dairy produce in England. The funds of the Board were to be derived from levies on butter and cheese exported, and by Gazette notice published on February 14, 1924, a levy of about 12½¢ per 100 pounds on butter and 6½¢ per 100 pounds on cheese exported after February 16, 1924, was imposed.

The Board commenced in July 1925, with its own staff, to supervise and arrange all space for dairy produce shipped from New Zealand. Between August 20 and October 7 of that same year, as the result of a seamen's strike, not a single steamer was dispatched with dairy produce. During October only three sailings were effected with combined shipments of some 10 million pounds of butter and a negligible quantity (625 crates) of cheese. Accordingly, with the adherence to the original plan of the Board to ship all available produce to the end of November, shipments during November 1925 were exceedingly heavy. Notwithstanding this disturbance, the Board claimed a more even distribution than had been made during the preceding season.

At a special meeting of the Board held in Auckland on June 10, 1926, it was unanimously decided: (1) That it is necessary for the effective operation of the Dairy Produce Export Control Act, 1923, and the fulfilment of its purposes, that the Board should exercise absolute control over the export of dairy produce from New Zealand, and (2) that the Board should assume absolute control of such dairy produce accordingly, and that such control should operate from midnight on the 31st day of August, 1926, until further determination by the Board. Absolute control, which was postponed according to a later ruling, was given the Board September 1, 1926, after the expiration of the full year of licenses under limited control.

While the Control Board had authority to fix prices, it had never assumed it and had confined its activities largely to supervision of manufacture and to marketing methods. As to price-fixing, a statement published in the official organ of the Board on July 31, 1926, put the position of the Control Board at that time as follows: "The Board has no intention of interfering with the ordinary process by which economic factors determine the market level of price.....The best service at a competitive price is the slogan of this Board. Its London agency will maintain a constant contact with its distributors to enable it to accurately estimate the market position, and price will be kept at the sales point as an ordinary business necessity."

Notwithstanding this declared policy by the Board, individual factory owners continued to place reservation prices upon their shipments. Against this practice the Board issued definite warning of danger from accumulation of reserves "stored under factories' instructions in London". A special circular was dispatched by the Board in the summer of 1926 to all factories, conveying the London representatives' opinions that factories should continue steady selling.

The function of the Control Board is essentially that of distribution of supplies throughout the year by means of withholding certain supplies during the season of flush production in New Zealand. The early summer is, therefore, the period of normally largest reserves. In 1926 the general strike in the United Kingdom occurred at this period and was followed by the prolonged coal strike. In addition to these events which tended to decrease demand, the season's output was relatively heavy. The result was that what would have been normal reserves gradually became burdensome accumulations. The normal seasonal rise of butter prices, preceding the season of arrivals of the 1926-27 New Zealand production, failed under the abnormal circumstances to materialize.

In order to meet this situation the Board, on October 27, 1926, adopted a policy of meeting from time to time with a committee of importers of New Zealand butter and cheese, for the purpose of naming prices which should be the selling prices of butter and cheese for the time being. The memorandum for the guidance of agents and the establishment of uniform practices provided: "Minimum prices for sales will be fixed from time to time as found necessary by the London office of the Dairy Control Board after consultation with agents."

This states briefly the policy to which the Board had come in October, 1926, and to which it had held in the months preceding the change in March. Much antagonism in London and some criticism from New Zealand has been evident in published form. It is probable, according to a report from New Zealand from Mr. J. F. Walker, Consulting Specialist of the United States Department of Agriculture, that action with reference to future policies of the Board will not be taken in the near future because calm consideration of the problems involved cannot be expected at the present time. It should be noted, however, that the Board has not abandoned its orderly marketing program.

NEW ZEALAND BUTTER: Estimates of arrivals and sales at London,
March to June, 1927 a/

Week beginning	On hand at beginning of week	Arrivals during week	Total available for week	Quota sold	Balance at end of week
	Boxes	Boxes	Boxes	Boxes	Boxes
March 13	416,562	86,248	502,810	90,000	412,810
March 20	412,810	55,044	467,854	90,000	377,854
March 27	377,854	4,027	381,881	90,000	291,881
April 3	291,881	59,545	351,426	90,000	261,426
April 10	261,426	61,944	323,370	90,000	233,370
April 17	233,370	48,570	281,940	90,000	191,940
April 24	191,940	70,263	262,203	90,000	172,203
May 1	172,203	72,912	245,115	90,000	155,115
May 8	155,115	63,000	218,115	90,000	128,115
May 15	128,115	None	128,115	90,000	38,115
May 22	38,115	81,500	119,615	90,000	29,615
May 29	29,615	81,000	110,615	90,000	20,615
June 5	20,615	28,000	48,615	Not enough for quota	

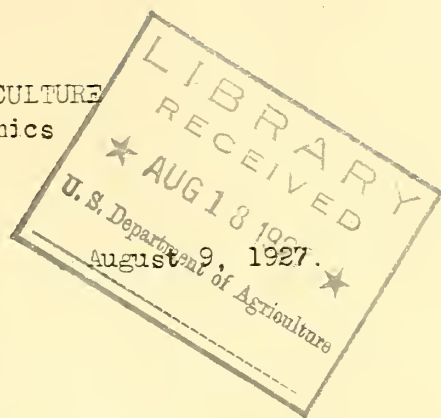
a/ In boxes of 56 pounds net.

NEW ZEALAND CHEESE: Estimates of arrivals and sales at London,
March to June, 1927 a/

Week beginning	On hand at beginning of week	Arrivals during week	Total available for week	Quota sold	Balance at end of week
	Crates	Crates	Crates	Crates	Crates
March 13	166,261	71,444	237,705	45,000	192,705
March 20	192,705	None	192,705	45,000	147,705
March 27	147,705	7,118	154,823	45,000	109,823
April 3	109,823	38,661	148,484	45,000	103,484
April 10	103,484	29,036	132,520	45,000	87,520
April 17	87,520	45,338	132,858	45,000	87,858
April 24	87,858	15,990	103,848	45,000	58,848
May 1	58,848	15,500	74,348	45,000	29,348
May 8	29,348	50,000	79,348	45,000	34,348
May 15	34,348	None	34,348	Not enough for quota	
May 22		None			
May 29		40,000			
June 5		51,000			
June 12		42,000			

a/ In crates of 150 pounds net.

UNITED STATES DEPARTMENT OF AGRICULTURE
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F.S.
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FOREIGN NEWS ON DAIRYING

RUSSIAN BUTTER EXPORTS CHECKED BY INCREASED DOMESTIC CONSUMPTION

Exports of butter from Russia amounted to 54 million pounds in 1924-25 and 60 million pounds in 1925-26, as compared with 150 million pounds as the prewar average. While comparatively little reliable information is generally available regarding the present status of the dairy industry in Russia, statements from original sources are consistent in indicating that domestic butter supplies have shown a relatively greater increase than exports during recent years. Although the exportable surplus of Russian butter has never since the war and the revolution reached much more than a third of the prewar volume, it appears that, after all due allowance is made for inaccuracy of estimates and reports, production has made a much more nearly complete recovery. Various influences appear to have contributed to increasing home consumption at the expense of "exportable surplus".

In prewar years it appears that the Russian peasants must have marketed for urban and foreign consumption fully one-half of their total butter production. During recent years the proportion thus sold has been probably not more than one-third. In other words, whereas in the earlier years for every pound the producers sold they themselves consumed one pound, it has developed more recently that for every pound sold from the farm two pounds are consumed at home. The following statistics from an article by F. Chembulov have been compiled from "Economic Life", November 23, 1926:

BUTTER: Estimated production, consumption and exportation, U.S.S.R.
1913 and 1924-25 to 1926-27

Item	:	1913	:	October 1 - September 30				
				1924-25	:	1925-26	:	1926-27 a/
	:	1,000	:	1,000	:	1,000	:	1,000
	:	<u>pounds</u>	:	<u>pounds</u>	:	<u>pounds</u>	:	<u>pounds</u>
	:		:		:		:	
Total production ..	:	914,000	:	866,700	:	914,000	:	990,600
Rural consumption .	:	466,100	:	606,700	:	627,900	:	643,900
Urban consumption .	:	274,600	:	209,400	:	235,500	:	274,500
Exportation	:	173,300	:	50,600	:	50,600	:	72,200
	:		:		:		:	
	:		:		:		:	

a/ Estimated in advance.

There are in the Russian territory now included in the Union of Socialist Soviet Republics about the same number of cows as there are milk cows in the United States, but their average yield is so low that they produce a total quantity of milk estimated at about one-third that of the United States. Since the total production of milk in the United States is about 116 billion pounds and of butter fully 2 billion pounds, it is not improbable that from a Russian production of 42 billion pounds of milk there should be produced as much as the 990 million pounds of butter officially reported as quoted above, especially when it is further considered that such a comparatively large share of the United States production is consumed as milk and utilized otherwise than in the manufacture of butter.

BUTTER: Total exports from Russia and shipments from Siberia,
1894 - 1915

Year	Exports from Russia	Shipments from Siberia to or through Russia in Europe
	<u>Pounds</u>	<u>Pounds</u>
1894	15,000	11,412,000
1900	38,580,000	42,974,000
1910	143,938,000	124,372,000
1913	a/	172,003,000
1914	120,739,000	118,997,000
1915	a/	119,359,000

"Exports of Perishable Products", by Prof. E. S. Karatygin, 1926.

a/ Not available.

The relative importance of the dairy industry in Siberia and the entire Union is indicated below:

MILK: Estimated production in Western Siberia and U.S.S.R.,
1924-25 and 1925-26

Region	1924-25	1925-26
	<u>Pounds</u>	<u>Pounds</u>
Western Siberia ...	3,659,000,000	4,208,000,000
Total U. S. S. R. .	38,079,000,000	42,284,000,000

"Exports of Perishable Products", by Prof. E. S. Karatygin, 1926.

The year 1916 is generally referred to as the most convenient basis for comparisons in numbers of livestock. After that year the revolution and civil wars caused great decreases until the low point was reached in 1920. All sources agree in indicating that the number of cows was better maintained during those critical years than that of all cattle together. The ratio of heifers and calves to the total number of cattle is showing a significant increase in recent years as indicated below:

CATTLE: Numbers by classes in Siberia and U.S.S.R.,
1916, 1923 and 1924

Region and year	Total cattle	Cows	Heifers over 1 year	Bulls 1½ - 2 years	Total young stock: 1-1½ years	Calves up to 1 year
SIBERIA						
1916 . .	5,071,300:	2,573,200:	520,200:	176,800:	469,500:	1,148,300
1923 . .	4,332,500:	2,207,900:	232,600:	107,800:	547,800:	1,176,900
1924 . .	5,169,700:	2,485,100:	284,400:	135,800:	723,700:	1,142,500
U.S.S.R.						
1916 . .	50,074,600:	22,378,000:	2,980,700:	1,134,300:	5,382,400:	14,049,900
1923 . .	41,268,600:	21,286,400:	1,574,100:	681,000:	3,752,600:	11,196,300
1924 . .	47,596,800:	22,663,600:	1,828,400:	794,600:	5,755,000:	13,463,200

"Annuaire Statistique 1924, Travaux de L'Administration Centrale de Statistique de l' U. S. S. R."

There appears furthermore to have been a significant shift in the distribution of cows on the basis of numbers of cows maintained per farm, as indicated by the following statistics for the Siberian dairy region:

SIBERIAN FARMS CLASSIFIED ACCORDING TO NUMBER OF COWS, ON THE BASIS OF
REPORTS FROM SUPPLIERS OF MILK IN WESTERN SIBERIA

Year	Percentage of farms reported as having		
	1 cow	2 - 3 cows	More than 3 cows
1906-07 a/	8.2	36.7	55.1
1913 b/	7.3	35.8	57.2
1925 a/ b/	35.8	52.1	12.1

a/ A. Gendelev in "The Land-Worker of Siberia", November 1926.

b/ F. Chembulov, "Soyuz Potrebittel", No. 2, February 1927.

Under the changed conditions indicated above, the commercial character of the dairy economy has been greatly changed. This is reflected in figures by Gendelev showing prewar sales per cow and procurements per cow in recent years as follows:

<u>1913</u>	<u>1922-23</u>	<u>1923-24</u>	<u>1924-25</u>	<u>1925-26</u>
<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>
62.8	14.4	33.2	37.9	37.2

Procurements are taken to represent sales for urban and foreign markets. Since production, as shown above, has recovered practically to the prewar level, the lower procurements per cow in recent years give some indication of the tendency for small holders to sell locally or to retain larger average shares than formerly for their own use.

Local sale by the peasant direct to consumers is an alternative of increasing importance in the disposal of his dairy produce. For in actual practice the peasant may to a limited extent, at least, devise means by which he may sell his produce in the local free market, as well as to deliver more or less of it to the coöperative creameries at prices fixed by the latter. The price paid by the creameries for milk delivered by the producers, however, is determined by the procuring price of butter for shipment either to other parts of the country or abroad. The procuring price is in the last analysis fixed by the government with reference, of course, to prices prevailing in world markets. The success of procurement plans thus depends upon the relation of the fixed prices to local values as affecting the profitability of delivery of milk by the peasant to the creameries.

Because of the low prices obtainable for Siberian butter on world markets during much of the past two seasons, procurements of butter for export have generally been either at a loss to the government, or, as in 1925-26 when procuring prices were lowered, disappointing as to quantity actually procured. In view of the low level of prices obtainable by the creameries, they had to offer to producers such low prices for their milk as tended to discourage its sale in this form. Peasants, accordingly, sought to avoid delivery of their produce at the prevailing export prices by turning to the local market. This is evidenced by the purchase of small cream separators by many peasants for use in preparing their own butter for sale privately. This tendency had the further effect of increasing the cost of production of such butter as was manufactured for export, since the output per factory was so small as to make the overhead expenses heavier than would have been the case had the plants been more fully employed.

Procuring prices must of course represent London values less transportation and other costs of marketing. The wide margin as between the values of butter in Siberia and London and the generally low level of value as well as are seen in the following statement from Gendelev.

BUTTER: Price per pound in London and Siberia,
January-September 1926 ^{a/}

Item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Siberian butter in London ...	31.21	32.99	33.63	32.08	34.06	33.52	31.35	30.64	27.57
Procuring price in Siberia ..	23.08	20.30	20.79	21.59	21.06	21.32	22.03	22.02	23.64
Difference	8.12	12.68	9.99	10.49	11.57	12.20	9.28	8.62	3.93

^{a/} Converted from original quotations in gold roubles per pud.

The trend of procurements and exports during recent months is shown below:

BUTTER: Procurements and exports in U.S.S.R., by months,
1924-25 to 1926-27

Month	1924-25		1925-26		1926-27	
	<u>Procurements</u>	<u>Exports</u>	<u>Procurements</u>	<u>Exports</u>	<u>Procurements</u>	<u>Exports</u>
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
October .	3,431	3,279	5,583	5,655	5,843	
November .	1,863	1,174	2,474	542	2,029	
December .	2,001	226	2,983	25	2,589	
January .	2,784	177	4,196	14	3,716	
February .	4,131	25	4,886	1,668	4,612	
March ...	8,862	412	7,436	6,222	5,012	
April ...	10,036	7,938	12,123	6,421	10,646	
May	7,176	4,532	7,501	4,225		
June	13,326	5,919	14,915	7,670		
July	17,670	7,385	18,201	10,350		
August ..	13,521	14,839	15,839	9,610		
September	9,371	8,078	10,209	7,627		
Total.	93,992	53,984	106,346	60,029		

Compiled from "Economic Bulletin of the Conjuncture Institute", No. 11 and 12, 1926 and No. 5, 1927.

Conditions still unfavorable to profitable butter production within Siberia are operating along with conditions that tend to encourage home consumption of the output within the whole of Russia to limit exports from the U. S. S. R.

Difficulties in production alone may be summed up under the general term of poor technique which makes for high costs of production and poor quality of product, especially in the product as it reaches the foreign markets. Extreme backwardness in farming methods always has been reflected in low productivity per unit in Russian agriculture. The feeding of cows is still very primitive. Straw and natural pasture are generally depended upon for feed supply, which, with the rigorous winters and short summers provides comparatively little above maintenance. The average milk yield per cow per year is estimated at from 1,400 to 1,800 pounds. Small and inadequately equipped factory units and unsanitary conditions of milk supply are now mentioned along with the lack of skilled operatives as factors tending to make dairy production crude and less than the resources would permit. In the sale of the product, the improved standard of food consumption by both the peasants and the urban population of the Union together with the poor transportation facilities and the unsatisfactory procuring prices for export tend to encourage local consumption. The result is that, as suggested above, the exports, although increasing, do not indicate the full extent of the recovery of dairy production.

The sale of Russian butter in foreign countries, as of all produce exported from Russia, is now carried on under quite complete control by the state. Maslocenter is the central organization of the milk and butter co-operatives of the U. S. S. R. and is the chief exporter of Russian butter, selling its butter under the trademark, "Lebdj" or "Swan". The cooperatives "Selskosojus Ltd." in England and Selskosojus in Berlin are agents of this association. The "Sibtorg", a state dairy procuring organization of Siberia, transfers the export product to these firms, which handle 60 per cent of the total Russian butter export.

A summary statement of the organization and activities of the Russian cooperatives is given below as published by the Berlin office of Selskosojus and translated from the German in the office of the American Agricultural Commissioner in Berlin.

The All Russian Association of Dairy Cooperatives (Maslocenter) was founded in 1924. Already on January 1, 1926, 5,084 dairy cooperative organizations, linked to 63 regional unions, belonged to the association, as well as 2,359 milk procuring stations, which were occupied with the sale of milk products. The number of members of these organizations amounted to 918,141, and the number of cows owned was 1,738,858. More than 1,000 dairy cooperatives exist besides the ones mentioned above. About 60 per cent of the Siberian farms belonging to peasants having 69 per cent of the total number of the cows in Siberia belong to dairy cooperatives.

The activity of the local cooperatives consists in the securing of milk from the members and of working it into milk products. The products are then gathered by the regional unions and sorted out according to the orders of the Maslocenter. The sale of milk products on the domestic as well as on the foreign market is in the hands of the Maslocenter.

The following tabulation shows the development of the Maslocenter:

	<u>Number of unions joined to Maslocenter</u>	<u>Number of member cooperatives</u>
January 1, 1925	14	413
April 15, 1925	45	4,513
January 1, 1926	63	5,084

to which belonged:

	<u>Number of farms</u>	<u>Number of cows</u>	<u>Number of dairy farms</u>
January 1, 1925	80,582	117,827	424
April 15, 1925	575,946	1,117,891	4,608
January 1, 1926	918,141	1,739,258	5,376

Already during the first half of 1924, the Maslocenter procured 18,683,875 pounds of butter, of which 11,078,446 pounds were exported. During the economic year 1924-25, the Maslocenter procured 44,922,473 pounds and exported 23,026,716 pounds or 44.5 per cent of the total butter exports. During the half year, October 1925 to April 1926, the share of Maslocenter amounted to 47.6 per cent of the total procuring of 27,061,796 pounds. In 1925, 53.6 per cent of the total Russian butter exports belonged to Maslocenter.

During the past economic year, Maslocenter sold butter worth \$22,143,485 and bought equipment worth \$1,460,010.

Credits have been granted to the Maslocenter by the state to be used for the improvement of technique in the dairy industry. The total outlay projected for the erection, equipment, and reparation of butter and cheese farms amounts to the equivalent of \$2,328,000. A further sum equivalent to \$146,000 is to be used for the purchase of breeding cattle, \$270,000 for the improvement of the cattle industry, and \$2,190,000 for the purchase of equipment for the production of butter. About half of the equipment is to be bought abroad.

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FOREIGN NEWS ON DAIRYING

CANADIAN CREAM SHIPMENTS MAINTAINED UNDER NEW IMPORT REGULATIONS

Shipments of milk and cream from Canada to the United States are proceeding regularly under temporary permits in compliance with the Federal import milk act passed at the last session of Congress, to promote the dairy industry of the United States and protect public health in this country. While funds are not yet available for the enforcement of the act, an understanding has been arrived at between the Canadian and United States authorities for the continued shipment of Canadian milk and cream with the Canadian government assuming full responsibility for compliance with the provisions of the act. The only period during which there was a complete embargo was from March 27 to May 6, 1927, a period during which, however, the Canadian output was seasonally heavy. Notwithstanding this interruption of the trade, the total imports from January to July were probably slightly heavier than in the seven months of last year, and would otherwise have considerably exceeded those of recent years, according to a report of August 9, from American Vice-Consul Ernest L. Monroe, Sherbrooke, Quebec.

Exports of Canadian cream to the United States have been increasingly heavy in recent years, amounting in the year ending March 31, 1925, to 3,384,186 gallons, in 1925-26 to 4,120,181 gallons, and in 1926-27 to 4,496,528 gallons. The export value of the 1926-27 shipments was \$7,750,233.

Shipments from the Eastern Townships of Quebec during the seven months January to July of the last three years were 1,055,161 gallons in 1925, 1,062,756 gallons in 1926, and 1,096,798 gallons in 1927. It is estimated that no less than 22 carloads of Eastern Townships' cream (constituting about one-half of the total Canadian shipments) cross the border into the United States every day. These comprise about 6,600 cans each weighing 80 pounds and of a standard basis of 40 per cent butter fat. Heavy shipments by motor truck and railway express are now being regularly maintained. It was stated at the time of the report that this method of disposing of cream netted the Eastern Township farmer the equivalent of 10 cents per pound of butter.

The temporary permits for shipment are to be valid only until such time as funds are available to the United States government for ascertaining that the provisions of the act have been complied with, whereupon notice will be given to holders of temporary permits of the necessity for submitting proof precedent to the issuance of permanent permits. Meanwhile, the Canadian government has agreed to assume full responsibility for the condition of Canadian dairies and the cleanliness of the Canadian product.

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September 23, 1927

FOREIGN NEWS ON DAIRYING
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COMPETITIVE POSITION OF AUSTRALIAN DAIRY INTERESTS STRENGTHENED

Australian dairying is not on the whole as stable as that of most of the important dairy regions of the world, but much is being accomplished by dairymen in that country to strengthen their competitive position both with relation to other industries in Australia and to world markets for their produce. While portions of the coastal area are quite as ideally adapted to dairying as is New Zealand, the dairy production of the Commonwealth as a unit is peculiarly subject to fluctuations, often extreme, from year to year. Rainfall is the limiting factor. The otherwise favorable natural resources are evidenced in the relatively heavy output in seasons of abundant rainfall. For instance, within recent years, butter production has fluctuated between a low point of 165,649,000 pounds in 1919 and a high point of 313,952,000 pounds in 1924.

The exportable surplus has fluctuated correspondingly, amounting to 39,006,000 pounds in 1919-20 and to 145,281,000 pounds in 1924-25. Of the total output the exports thus amount roughly to 25 per cent in an unfavorable year or to as much as 50 per cent in an exceptionally favorable season.

Considerable improvement in the direction of the stabilization of the industry is possible, according to Australian dairy leaders, through the further adoption of practices involving the storage of feed, thereby evening up more or less the fat and lean years. Production in recent years would appear to indicate that something is already being accomplished in the greater control of the feed supply in the interest of maintaining herds intact and preventing extreme falling off in milk yield during the intermittent droughts. Progress in this direction is to be expected as dairying becomes further specialized. As yet, although dairying is gaining steadily, it does not occupy as important a position in Australia as does wool-growing. With the cutting up of large sheep and beef cattle ranches into small farms, however, the tendency is to increase the use of dairy cattle as a profitable form of land utilization.

The volume of dairy production and the relation of domestic consumption to the total output during recent years was discussed in Foreign Service Release D-9, "Developments in the Australian Dairy Industry", published by this office on February 23, 1927.

Notwithstanding the fact that dairy products have increased in quantity during the past few years, producers claim to have been taking a loss on their dairy operations and several changes in marketing organization have been tried out to relieve the situation, according to a report from Australia by Mr. J. F. Walker, Consulting Specialist, United States Department of Agriculture. One of the first of these was the cooperative marketing movement.

Many producers, feeling that there was too great a margin taken in the manufacturing of dairy products, began to form local units for the purpose of cooperatively marketing their butter and cheese. This was a purely voluntary act on the part of the producer and no agreements were entered into for the delivery of his product for any specified time, or in any given quantity. The growth of this movement has been fairly steady until today those interested in it claim that 90 per cent of the entire production of manufactured dairy products is put through cooperative plants.

The next step was the consolidation of the creameries. Small plants were abandoned as factories and used as separating or collecting stations, or abandoned altogether. This action permitted the large central plant to invest in the most modern of appliances and provide refrigeration systems to store any temporary surplus. This reduced operating overhead and permitted the production of a more uniform quality of product.

In 1925 the government was appealed to to pass an act to erect a Marketing Board with powers to regulate domestic prices and prorate the loss on exported butter, the argument being based on the following grounds:

1. The government has through arbitration courts and wage boards protected fully the rights of the laborer and granted a minimum wage on a 44-hour week of \$20 per week, thus insuring the wage-earner a guaranteed living wage, and further provided for his interests through the passing of a housing act which has brought much additional expense to the landowner in remodeling his tenant houses to conform to it.

2. It has passed heavy import duties on all products manufactured in Australia, thus guaranteeing to the manufacturer and his labor a fair income and the protection of his home market.

Therefore, the basic industry of agriculture was entitled to some measure which would afford those engaged in it the same guarantee of profit and the same protection of the home market as had been already given the secondary industries.

To this the commonwealth government replied that it had no authority to enter into such a matter and any movement in that direction must come from the grower. Except for the imposition of tariffs the commonwealth government plays no part in the dairy industry, although the various state governments do have certain regulatory powers. After much discussion the plan known as the Patterson Scheme was proposed and adopted for the consideration of the producers.

The basis of the Patterson plan as reported by Mr. Walker is about as follows:

1. Australia consumes about 50 to 80 per cent of her butter production herself.
2. The remaining 20 to 50 per cent of exportable surplus enters into world's markets and must take world's prices which, in turn, is reflected in the price received for the 50 to 80 per cent consumed at home.
3. Tabulations over a period of years developed the fact that Australian costs of butter production were on an average some three pence (six cents) per pound above London parity prices.
4. A tax or levy assessed on all manufactured butter to be used to provide a means of reimbursing those who export their butter and raise the price locally.

The Patterson plan, as will be seen, was a voluntary measure and its success depended upon securing the adherence of a large percentage of the creameries. It was not necessary to go to the individual producer, as his cooperative creamery was his agent. The matter resolved itself then into securing the support of some 450 different plants. The work was started early in 1925 with the date of June 1 as the proposed time of inaugurating the plan. Delays were encountered, the managers of some of the creameries were opposed to the plan and in these cases the members were appealed to with the result that many of the objectors were served notice to sign the contract within 24 hours or all milk supplies would be withdrawn. This served to bring them into line and finally, on January 1, 1926, the plan became effective with some 90 per cent of all the product under contract for a year. An assessment of $1\frac{1}{2}$ pence (three cents) was levied on all butter manufactured and provisions were made to establish surpluses or pro-rate back to the creameries excess collections. A bounty of 6 cents per pound was paid on exports and the assessment was ample to provide for a 50 per cent export surplus which was well over anticipated production.

As to the regulatory work of the states in the interest of the dairy industry, the organization in New South Wales is described by Mr. Walker as indicative of Australian developments quite generally.

The Dairy Department of New South Wales is vested in a Dairy Expert who exercises the following powers.

1. Inspect and approve or reject all dairy appliances offered for sale in the state, insuring to the farmer that machinery he may use or which may be installed in creameries will function satisfactorily and economically. He may also demand the removal of machinery not properly working or of such obsolete type as to operate against the best interests of the dairyman.

2. Provide regulations governing grades of cream delivered to creameries and payment made according to grade; factories are permitted to reject any cream unfit for use.

3. Inspect factories and products to see that they conform to certain standards of quality and the output labeled according to those standards. Violation of these regulations may be punished by fine, closing of factory, or revocation of its license to operate.

4. Compel factories to pay farmer on the over-run instead of butterfat. Audits through this department are made at the end of the year to ascertain whether the actual over-run exceeds the estimated. If so, additional return is made the producer. This item alone has netted about two per cent additional to the dairyman yearly.

The results of this department's activities, according to Mr. Walker, are that while in 1916, 52 per cent of the butter produced in New South Wales was unfit for table consumption, today only 4 per cent can be so classed, and that while three grades of butter are recognized as being fit for table consumption, 92 per cent of all butter manufactured is classed as choicest. This has helped the producer to get a better price for his product and established a good reputation for the butter in world markets.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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D-15

November 26, 1927

FOREIGN NEWS ON DAIRYING

NEW ZEALAND DAIRY PRODUCTION CONTINUING ON NEW HIGH LEVEL

Notwithstanding a 10 per cent increase in butter-fat production in New Zealand during the 1926-27 season, production during the 1927-28 season now well under way has continued to date at a level substantially higher than last year. Recent advancements in the technique of dairying are of primary importance, but unusually favorable weather conditions during the early months of the seasonal year (August to July) have been an important factor in the continued increase.

August production, as indicated by quantities of butter and cheese graded, showed an increase in the output of butter-fat of 38 per cent over that of August 1926. Figures of the New Zealand Department of Agriculture show an increase of 36.3 per cent in butter graded and 63.9 per cent in cheese graded, giving an officially estimated increase of 37.9 per cent in total butter-fat production over the corresponding month of last year. For September, gradings show increases over last season of 31 per cent in butter, 15 per cent in cheese, and 28 per cent in estimated total butter-fat.

Aside from favorable spring weather conditions, the early prospects for substantially increased dairy production this season were seen to be unusually promising. Optimism regarding the new season as expressed by the New Zealand Minister of Agriculture and reported from Wellington by Consul General W. L. Lowry on October 1, was based largely upon the marked effects of recent herd-testing in New Zealand, the excellent conditions of pastures resulting from generous fertilization, and the unusually good condition in which the milking herds came through the past winter season. The favorable weather in the early part of last season produced a rank growth of forage and butter-fat production thus far into the new season has been unprecedented.

GREAT BRITAIN: Arrivals of New Zealand butter and cheese,
August, September and October, 1925-1927

Month	Cheese			Butter		
	1925	1926	1927	1925	1926	1927
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
August	7,584	16,802	16,553	2,397	7,284	8,331
September	1,574	3,503	9,223	2,036	1,710	6,759
October	505	2,866	3	429	6,632	4,226
August-October	9,663	23,171	25,779	4,862	15,626	19,316

NEW ZEALAND: Butter and cheese afloat, November 19, 20,
and 24, 1927

Item	November 14,	November 20,	November 19,
	1925	1926	1927
	Pounds	Pounds	Pounds
Butter	15,541,000	13,178,000	13,430,000
Cheese	9,868,000	6,018,000	12,917,000 <u>a/</u>

a/ November 5.

Stocks held in the various New Zealand grading ports on September 30, 1927, included 6,973,000 pounds of butter and 5,376,000 pounds of cheese as compared with 6,046,000 pounds of butter and 3,844,000 pounds of cheese on September 30, 1926. Of the total quantity of butter imported into the United States in recent years, approximately one-third has been received from New Zealand, as shown below:

UNITED STATES: Total imports of butter, and quantity and
percentage imported from New Zealand,
1924-25 to 1926-27

Imports	Year ended June 30		
	1924-25	1925-26	1926-27
	Pounds	Pounds	Pounds
Total	7,189,000	6,440,000	10,710,000
From New Zealand.....	1,985,000	2,232,000	3,682,000
Percentage from New Zealand	28	35	34

With an import duty of 12 cents a pound and under the conditions of complementary seasonal production in New Zealand and United States, such supplies of butter as reach United States markets from New Zealand arrive principally during our winter months.

The English markets tend normally to absorb the New Zealand product quite completely until after the holidays, when the winter prices decline in those markets and the relatively high winter prices in the United States are most favorable to the diversion of supplies to our markets.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
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December 6, 1927

FOREIGN NEWS ON DAIRYING

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FOREIGN DAIRY CONDITIONS

Prospective supplies from the Southern Hemisphere and the current European output have been the ruling factors in the European butter and cheese markets during the past two months. The depressing effect on foreign prices of the unusually heavy fall production in Europe resulting from the very favorable weather has been to a considerable extent offset by the small shipments from Australia and Argentina, particularly the former. The season in these two countries has been retarded but prospects now point to recovery and increased shipments. Shipments from New Zealand continue heavy and are favored by unusually good pasture conditions. A year ago the difference between the Copenhagen official quotation and the price of 92 score butter in New York was about $17\frac{1}{2}$ cents in favor of our market. The present price differential is now 12 cents, equal to the United States import duty, according to a cable of December 2 from E. A. Foley, American agricultural commissioner at London. If this price margin is to widen to permit diversion of supplies to the United States markets, it will probably take place within the next few months when the supplies from the Southern Hemisphere on the European market and the prices on the American markets are both at their seasonal high points.

The seasonal shift to new sources of supply for the world markets of northwest Europe is always significant, especially under abnormal conditions such as have developed recently. During February this year, 75 per cent of the arrivals of butter to Great Britain were from the Southern Hemisphere. During August not more than 20 per cent of the total was from that source. Southern Hemisphere supplies as late as October this year accounted for only 15 per cent of the butter because of the late season and backward production in Australia and Argentina. From now on the improved conditions in Australia and Argentina, together with the continued heavy production of both butter and cheese in New Zealand, may materially change the market situation abroad. European buying may be expected to be on a hand-to-mouth basis for the next few months, awaiting increased arrivals from New Zealand, Australia and Argentina. Prospects are that the supplies from the Southern Hemisphere from now on will have an increasingly depressing influence upon the European markets.

New Zealand production continued on new high level

Dairy production in New Zealand continues, according to latest information, to be increased by unusually favorable pasture conditions. Compared with the heavy output of a year ago, the first months of the new season show further increases of 33 per cent in butter fat production during August and 28 per cent during September, according to official estimates. Stocks held at grading ports on September 30 were not materially different from those of a year ago. Shipments afloat on November 19, according to cables from Mr. Foley, were very heavy for the season, as indicated in the table on the next page.

NEW ZEALAND: Butter and cheese afloat in November, 1925-27

Item	November 19, 1927	November 20, 1926	November 14, 1925
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Butter	18,480	13,178	15,541
Cheese ^{a/}	12,917	6,018	9,888

^{a/} November 5.Improved pasture conditions in Australia and Argentina

During the last month there has been considerable recovery from the drought that seriously retarded dairy production in important dairy regions of Australia and Argentina. Arrivals of Australian and Argentine butter in Great Britain during September and October were almost negligible. Shipments now afloat, however, from these two countries together amount to half as much as from New Zealand.

AUSTRALIA AND ARGENTINA: Shipments of butter afloat in November, 1924-1927

Country	Nov. 19, 1927	Nov. 20, 1926	Nov. 23, 1925	Nov. 24, 1924
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Australia	6,664	8,848	9,744	19,432
Argentina	2,744	4,312	---	983

^{a/} Affected by seamen's strike.British markets firm under moderate colonial supplies

In the seasonal shift to new sources of supplies the most direct effect is now being felt in the markets of Great Britain. October imports of 43,000,000 pounds of butter into that country were materially lighter than in September and in October of last year, the decline reflecting principally the lighter supplies in October from New Zealand, Australia and Argentina. European supplies were maintained at nearly the same level as in other recent months. The total quantity of European butter reaching Great Britain during the season of heaviest production in Europe, May 1 to October 31, totaled 271,000,000 pounds and was practically identical with that of the corresponding period of last year. At the same time, German imports, almost wholly European, were materially heavier than a year ago, so that the combined European supplies thus accounted for were 399,000,000 pounds this season against 336,000,000 last season. The difference in condition affecting demand is obviously the outstanding factor in the comparative strength of English markets in the two seasons. London butter prices are at present about 20 per cent higher than a year ago when that market was in the worst stage of its depression growing out of the labor disturbance of that year.

GREAT BRITAIN: Imports of butter and cheese, September-October,
1927 and October, 1926

Country	Butter		
	1927		1926
	October	September	October
	1,000 pounds	1,000 pounds	1,000 pounds
Russia	5,800	6,124	3,276
Finland	1,765	1,535	966
Sweden	962	1,077	1,496
Denmark	17,961	21,002	17,001
Netherlands	529	1,104	920
France	1,310	2,116	268
United States	---	---	28
Argentina	1,795	214	3,654
Irish Free State ..	7,646	10,379	7,662
Australia	427	1,257	2,215
New Zealand	4,226	6,579	6,632
Canada	2	---	1,664
Others	544	436	439
Total	42,967	51,823	46,201
	January-October	January-September	January-October
Total	557,818	514,850	556,925
	Cheese		
	1927		1926
	October	September	October
Netherlands	2,213	2,027	1,703
Italy	1,464	1,261	1,485
United States	188	238	73
Australia	219	240	--
New Zealand	3	9,223	2,866
Canada	19,920	16,449	19,726
Others	830	722	718
Total	24,837	30,161	26,571
	January-October	January-September	January-October
Total	276,851	252,014	287,658

German demand a strengthening factor

Germany took 24,030,000 pounds of foreign butter during October, an importation exceeded only in September, 1925. The Berlin butter quotation continues to advance, standing on November 24 only slightly below the price of best Danish in London. Domestic supplies can be so little depended upon at this season that the German trade draws heavily upon the foreign product to cover its demand. German market reviews indicate that while consumption continued heavy, the early November market was not particularly animated in view of the prospects for pressure of increasing supplies for Great Britain from the Southern Hemisphere and their influence upon Danish prices.

The importance of German demand under the conditions of heavy European production of this season can hardly be over-emphasized. Germany's imports of butter totaled 198,000,000 pounds during the first 10 months of this year and its imports of cheese during 9 months for which figures are available amounted to 550,000,000 pounds. The increase over corresponding periods of last year was 11 per cent in butter imports and 17 per cent in cheese imports.

GERMANY: Imports of butter, September-October, 1927 and October, 1926

Source of imports:	1927		1926	
	October	September	October	
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	
Denmark	6,173	5,733	5,291	
Netherlands	6,393	7,497	6,614	
Russia	2,315	1,984	992	
Baltic Group	8,157	6,836	6,173	
Others	992	662	551	
Total	24,030	22,712	19,621	
	January-October	January-September	January-October	
Total	197,761	173,731	178,161	

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FOREIGN NEWS ON DAIRYING December 15, 1927

CANADA SHIPS MORE CHEESE AND LESS CREAM TO UNITED STATES

Shipments of cheese from Canada to the United States during October were considerably larger than in previous months this season. Cream exports to the United States, on the other hand, fell off. As compared with October of last year, however, shipments of cream, milk, and cheese were about one-third lighter.

A year ago cheese shipments from Canada to this country were greatly stimulated by the depression in British markets growing out of the prolonged labor disturbances in Great Britain. During October of last year, 2,867,000 pounds of Canadian cheese were diverted to United States markets. Although British markets have been much stronger this fall, October shipments of Canadian cheese to our markets totaled 1,942,000 pounds. For the 10 months January to October inclusive, cheese shipments totaled 10,129,000 pounds this year against 5,014,000 pounds for the corresponding period last year.

The lighter cream shipments during October, together with the slump during April when milk and cream imports from Canada were retarded by the newly established Federal import laws (see F.S./D-13 dated August 24, 1927), brought the total of cream exports for 10 months to 4,227,600 gallons as compared with 4,549,200 gallons for the same period in 1926.

Total exports of milk and its products from Canada to the United States during the first 10 months of this year were valued at \$9,090,000 as compared with \$8,942,000 for the same period last year.

CANADA: Exports of certain dairy products to the United States,
monthly, January 1926 to October 1927, inclusive

Month	Cream		Milk		Cheese	
	1926	1927	1926	1927	1926	1927
	Gallons a/	Gallons a/	Gallons a/	Gallons a/	Pounds	Pounds
January	161,755	223,775	308,116	354,241	20,832	962,192
February ...	111,868	139,654	262,066	251,768	16,464	565,040
March	281,615	239,078	365,275	431,135	23,072	1,140,272
April	183,937	62,484	187,501	41,490	8,960	664,642
May	412,811	313,007	434,088	127,494	7,280	962,400
June	580,152	687,448	400,597	459,870	10,416	1,102,640
July	692,290	826,861	705,210	600,769	110,140	1,213,632
August	782,590	677,303	778,249	441,770	584,640	939,456
September ..	665,772	610,585	662,560	430,013	1,375,136	633,136
October	676,356	446,898 ^{b/}	641,359	455,334 ^{b/}	2,866,640	1,942,192
November ...	422,257		558,999		3,225,248	
December ...	376,429		457,226		4,303,376	

Monthly Reports of the Trade of Canada, Dominion Bureau of Statistics, Ottawa.

a/ Converted from Imperial gallons, equivalent to 1.2 United States gallons.

b/ Report of Vice Consul LaVerne Baldwin, Ottawa, December 3, 1927.

